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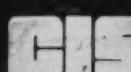

Congressional Information Service, Inc
Washington, D.C.

Calendar No. 63

100TH CONGRESS
1st Session

SENATE

REPORT
100-20

JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS ACT

MARCH 20 (legislative day, MARCH 17), 1987.—Ordered to be printed

Mr. KENNEDY, from the Committee on Labor and Human Resources, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 514]

The Committee on Labor and Human Resources, to which was referred the bill (S. 514) to amend the Job Training Partnership Act to establish an incentive bonus for the successful placement of certain employable dependent individuals, to provide targeting of assistance from certain carryover funds for such individuals, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and an amendment to the title, and recommends that the bill as amended do pass.

I. INTRODUCTION

On March 18, 1987, the Committee on Labor and Human Resources ordered reported S. 514 favorably with an amendment in the nature of a substitute to the full Senate. The bill was sponsored by Senator Edward M. Kennedy, Chairman of the Committee, and co-sponsored by Senators Hatch, Specter, Quayle, Pell, Metzenbaum, Moynihan, Dodd, Kerry, Simon, Matsunaga, Mikulski, Adams, Biden, Glenn, Wirth, Inouye, Harkin, Stafford, Weicker, Thurmond, Chafee, Johnston, Gore, McCain, Burdick, and Hollings.

S. 514, a bill which may be cited as the "Jobs for Employable Dependent Individuals Act", amends the Job Training Partnership Act to establish incentive bonuses for the successful placement of

S543-1

certain employable long-term dependent individuals, and to add an enriched program option of employment and training to the youth employment and training program.

II. Purpose and Summary

Nearly four million American families will receive Aid to Families with Dependent Children (AFDC) this year. Most of these families will receive AFDC for most of the next 10 years. These are the most needy and the most expensive to maintain on public assistance. They have the fewest resources, all have children, and they will consume most of the AFDC dollars spent each year.

In addition, approximately 2 million blind or handicapped individuals receive Federal Supplemental Security Income benefits (SSI). These are also some of the most needy of our Nation's poor. They have few resources, and yet face barriers to employment which are compounded by the effects of their disabilities.

Despite the pressing need of these individuals to find work so that they can be free of the burden of long-term dependency, Federal job-training efforts have largely failed to address this population. This is due not only to a lack of essential resources, but to the fact that what resources do exist are most often directed to those within the eligible population who are easiest to place rather than to those most in need.

The principal federal job training program is the Job Training Partnership Act (JTPA). JTPA spends $1.8 billion each year on job training for the economically disadvantaged, yet less than 150,000 AFDC dependents are enrolled by the program, and of these perhaps as few as one-third are long-term AFDC recipients. The Work Incentive Program (WIN), funded now at $115 million, provides less than $35 per welfare family, and even this paltry amount is often targeted to those for whom jobs are easiest to find rather than to those for whom job training would be most helpful. The situation facing recipients of SSI is also discouraging. Recent statistics collected by the President's Committee on Employment of the Handicapped show that only 9.7 percent of individuals with disabilities are served by JTPA programs, while the unemployment rate among disabled workers is estimated to be as high as 66 percent.

There is impressive evidence that job training efforts directed to the long-term poor can succeed. The Massachusetts Employment and Training Choices program (E.T.), for example, has reduced the number of families that remain on AFDC for five or more years by 25 percent, and it has reduced the average time that a family spends on AFDC by one-third. Despite the evidence that action can succeed, too little has been done.

Therefore, on February 5, 1987, Senator Edward M. Kennedy, Chairman of the Senate Committee on Labor and Human Resources, introduced the Jobs for Employable Dependent Individuals Act (JEDI), S. 514, which is co-sponsored by Senators Hatch, Specter, Quayle, Pell, Metzenbaum, Moynihan, Dodd, Kerry, Simon, Matsunaga, Mikulski, Adams, Biden, Glenn, Wirth, Inouye, Harkin, Stafford, Weicker, Thurmond, Chafee, Johnston, Gore, McCain, and Burdick. JEDI creates a powerful incentive for states to find, train and employ the long-term welfare dependent individ-

ual—and it does so in a way that also benefits the federal budget and the taxpayer.

As reported out of Committee, S. 514 enhances the provision of JTPA services to long-term recipients of AFDC and SSI by paying bonuses to states that succeed in training and employing this population. The bonuses are based on the federal welfare savings produced by state and local efforts. Bonuses will not be paid until after the savings have been already achieved. To ensure that the bonus program is fiscally neutral, the bonus is payable only for placements above a base year level.

JEDI identifies the groups that are most likely to receive AFDC or SSI next year and for several years. If an agency, private or public, within a state trains, places and privately employs persons from those groups for one full year in unsubsidized jobs, the federal government will pay the state a bonus of 75 percent of the federal share of AFDC or SSI benefits that would have been received by those persons had they not been employed. In the second year of successful employment, the state will receive 50 percent of the predicted AFDC or SSI payments, and in the third year 25 percent. In the average state, the JEDI bonus for a recipient of AFDC would be $3,684 over three years. States may keep a portion (up to 15%) of the bonus for administration of the program; the rest will be passed on to participating agencies, private industry councils, and service providers, including community-based organizations, who contribute to the program.

Because AFDC is a state matching program, state treasuries will also save in AFDC benefit payments over the same three years, as well as in later years. Additional benefits will accrue from the economic self sufficiency of individuals who were once long-term AFDC recipients.

Maximum flexibility is afforded to the states. JEDI does not dictate how to deliver successful results, a framework consistent with the basis philosphy of JTPA. Based on their own experience, individual states can tailor a program particularly well suited to their unique needs.

As reported out of Committee, S. 514 also contains amendments to Title II–B, (the Summer Youth program). These amendments give states the flexibility to use those funds to better target JTPA programs to serve the welfare youth population, particularly teen parents. Service delivery areas have the option of developing an enriched program of services to youth receiving AFDC or SSI benefits, to run a traditional summer youth program, or to run both.

Finally, JEDI amends the performance standards provisions of JTPA to more clearly express the need for servicing the hard-to-serve and to create standards for adult education, in addition to adult employment.

JOB TRAINING PARTNERSHIP ACT BACKGROUND

The JTPA was enacted in 1982 (Public Law 97–300) and became effective in October of 1983. JTPA authorizes grants to states to fund local job training programs to prepare unskilled adults and youth for entry into the labor force.

Following enactment of JTPA, from 1983 to 1986, congressional committees monitored the implementation of the new nationwide job training program through extensive oversight hearing and on-site visits. The Department of Labor and other government bodies, public and private research organizations, and individuals studied the impact and effectivness of JTPA. An extensive body of research was developed which indicated that, despite the overall success of the new program, there were areas of concern which required legislative intervention. The JTPA Amendments of 1986 (Public Law 99-570) were enacted to address these concerns by perfecting and clarifying some of the Act's provisions.

The Committee believes the 1985 amendments made only tentative steps toward resolving the critical problem of ensuring that those most in need of job training services, as a means of escaping the cycle of poverty and dependence, are adequately served under JTPA. Therefore the Committee on Labor and Human Resources conducted hearings on S. 514 to develop an effective response.

DESCRIPTION OF BASIC PROGRAM TO SERVE THE ECONOMICALLY DISADVANTAGED, TITLE II

Title II-A is the basic JTPA program to serve economically disadvantaged individuals who need training, basic education, and supportive services in order to obtain a job. Title II-A has been appropriated $1.84 billion for FY87. The estimated participation level for Title II-A for FY87 is 1,042,000 with an average enrollment of 324,000 individuals.

Under Title II-A, states pass 78 percent of funds to the local service delivery areas (SDAs) designated by Governors. The remaining 22 percent retained by the Governor is used for statewide programs, including services for older workers and education coordination grants. State and sub-state allocations are made according to a three-part formula in which two factors measure unemployment and one factor considers poverty.

Each SDA has a private industry council (PIC), with members appointed by local elected official(s). A majority of PIC members, and the chairman, must be private sector representatives. In order to receive funds, the PIC and the chief elected officials in the SDA must jointly agree to a locally developed job training plan which must then be submitted to the Governor for approval.

To be eligible to participate for assistance under Title II-A of JTPA an individual must be 16 years of age or older and economically disadvantaged. To meet the economically disadvantaged criteria, an individual's family income must not exceed the Office of Management and Budget poverty line or 70 percent of the Bureau of Labor Statistic's lower living standard, whichever is higher. An individual who receives, or is a member of a family which receives, cash welfare payments under federal, state of local public assistance programs, or who is a recipient of food stamps under the Food Stamp Act of 1977 is eligible.

Up to 10 percent of Title II-A participants may be exempt from the economically disadvantaged criteria if they have some other barrier to employment, limited English-language proficiency, or are displaced home-makers, school dropouts, teenage parents, handi-

capped, older workers, veterans, offenders, alcoholics, addicts or homeless. At least 40 percent of funds in an SDA must be used to serve eligible youth, aged 16 to 20. Welfare recipients and school dropouts must be served equitably according to their proportion of eligible participation in the area.

Eligible training activities under Title II–A include a full range of education, training and employability development services, including on-the-job training in the private and public sectors, work experience, supportive services and needs-based payments necessary for trainees to participate in the program. Not more than 30 percent of Title II–A funds in an SDA may be used for work experience, supportive services, payments to trainees and administrative costs. Under special conditions, a waiver may be granted to permit more than 30 percent of the funds to be available for unusually high supportive services costs, such as for day care or transportation.

Title II–A programs are subject to performance standards. For adult training programs, the Secretary is required to prescribe performance standards based on such factors as placement and retention in unsubsidized employment, increases in earnings and reductions in welfare dependency. The Secretary must designate additional factors for evaluating youth programs, including attainment of employment competencies recognized by the PIC, school completion, or enrollment in another training program, apprenticeship or the military. If an SDA fails to meet the performance standards, the Governor will provide technical assistance. If the area fails to meet performance standards two years in a row, the Governor must impose a reorganization plan.

Separately authorized from the main training program is Title II–B, Summer Youth Employment and Training program. Title II–B has been appropriated $750 million for FY 87. Approximately 626,000 youth are expected to participate in the Title II–B program.

Funds are distributed to states and SDAs in the same manner as under Title II–A, except that 100 percent of the funds are passed through to SDAs. Under Title II–B, economically disadvantaged youth, including 14 and 15 year olds at local option, are eligible for a full range of training activities during the summer months, including on-the-job training, work experience and supportive services. SDAs may opt to conduct Title II–B programs at other times of the year, during the vacation period treated as the equivalent of a summer vacation for schools that operate on a year-round, full time basis. The administrative structure for the service delivery system is the same as for the Title II–A program. However, the 30 percent restriction on use of funds for non-training expenses does not apply and there are no performance standards.

II. Background and Need for Legislation

The Committee conducted hearings on January 21, February 3, February 4, and March 6, 1987 to receive testimony on both the effectiveness of the Job Training Partnership Act in serving long-term welfare recipients, and the specific provisions and ramifications of S. 514. Witnesses commented on the extent and nature of long-term welfare dependency, particularly with regard to recipi-

ents of Aid to Families with Dependent Children (AFDC), and on those aspects of JTPA's program design which contribute to "creaming." This practice has serious consequences for long-term welfare recipients who seek employment. Creaming is the practice of preferential enrollment of those among the eligible population who require the least assistance to prepare for a job. The present JTPA performance standards encourage creaming by rewarding the SDAs with the lowest training and placement costs per individual. As a result, individuals needing more extensive or costly training are neglected or underserved.

Each year approximately four million American families receive AFDC. About 7 million children constitute the bulk of these four million families. Witnesses testified that studies indicate that AFDC is a transitional program for the majority of people who use it. More than half of those who receive AFDC will do so for no more than two consecutive years. However, in testimony before the committee, David T. Ellwood, Associate Professor of Public Policy at the John F. Kennedy School of Government, stated that:

> . . . a minority of people going onto welfare . . . end up using it for an extended period. Perhaps a quarter of those who are on AFDC will end up collecting it for 9 years or more . . . I estimate that the 25 percent of recipients who stay on AFDC for 9 years or more account for 60 percent of the costs of the programs. Studies also show that at any single point in time, more than half of those on the rolls are long-term recipients, and these families account for more than half of AFDC benefit costs.

The Committee is concerned about data and reports which indicate that despite provisions which establish AFDC and SSI recipients as a target population, long-term welfare recipients and potential long-term welfare recipients are not being adeqautely served under JTPA. Testimony provided by many witnesses emphasized two related causes: placement rates and fiscal concerns.

Dr. Ellwood expressed these points most succinctly:

> . . . part of the problem comes from a preoccupation with placement rates. The simplest and most obvious way to measure the performance of a training program is to count how many people have been placed in jobs. Yet the easiest people to place are those with good work experience, good ecucation, and no impediments to work. These are the same people who tend to have short stays on welfare. By contrast if one works with the potentially long-term recipient, placement rates will be lower. But the fiscal benefits may be much higher. These people would not be able to do much on their own and the intervention can make a big difference.

The final problem is fiscal. The long-term recipients need more intensive training and support services. Those with poor education often need classroom training, and those with young children need day care. These are expensive services. The Supported Work experiments showed that relatively high cost programs can be justified because the gains over the long-term are so high. The simple

rule is that it takes money to save money. Unfortunately, budgets are so tight for such programs that the natural tendency is to run inexpensive programs for as many people as possible. The long-term recipients get too little or nothing at all. Other testimony indicated that:

> AFDC recipients who do participate in JTPA seem, on average, to be those who already are more employable than the typical AFDC recipient. About half of all AFDC recipient registered for work under the AFDC program have at least a high school education. But about two-thirds of AFDC recipients enrolled in JTPA have at least a high school education.

The Committee is concerned that statutory, performance, and fiscal pressures substantially discourage investment in training of long-term AFDC and SSI recipients, especially those with the least education. Moreover, the Committee is concerned that other hard-to-serve individuals, such as those who lack basic literacy skills, are high school dropouts, or have limited English proficiency are also underserved by JTPA. And the evidence suggests a lack of coordination mechanisms between JTPA and related public assistance programs in attempting to better serve these individuals.

Witnesses testified that the individuals most at risk of becoming long-term AFDC recipients are young, single women who begin receiving welfare shortly after the birth of a child. Additional indicators are dropping out of high school, having little work experience and having a large number of children. The need for job assistance for the long-term AFDC recipient may be best summed up by one witness who remarked that, "The majority of families are not on welfare because they have lost their earning power. They never had it."

In addition, the Committee finds the need for additional provisions to address the needs of economically disadvantaged youth under Title II-B of JTPA. The Committee finds that youth, including young parents, in families receiving AFDC benefits, or youth receiving SSI benefits, experience multiple barriers to employment and therefore need a comprehensive, targeted employment and training program. Research has shown that one of the most seriously at-risk youth groups in the country is young women who become mothers and turn to AFDC for support. Of those women who are on welfare, are under 25, have never married and have children under 3 years of age, 42 percent will be on AFDC for 9 years or more. In order to break the cycle of welfare dependency, there needs to be a new program structure which focuses additional resources and combines such components as remedial/basic education, job training and counseling, and job placement accompanied by necessary supportive services. By providing a comprehensive package of intensive services, the full range of this group's needs can be addressed.

The Committee believes that permitting this additional option at the discretion of SDAs increases the potential opportunities for AFDC and SSI recipients to participate in job preparation activities under JTPA. It is consistent with the flexibility that SDAs need to effectively address local job training needs. The Committee does,

however, recognize that many economically disadvantaged youth are not served by the AFDC or SSI program, but are nonetheless in need of the types of services provided in Title II-B as amended by this bill. For example, the Committee has received testimony that certain groups, such as Hispanic Americans, confront a variety of additional barriers, including language and cultural differences, which reduce their participation in some entitlement programs such as AFDC. The Title II-B as amended by this bill is designed to target and improve services to AFDC/SSI youth. The Committee does not intend, however, that this provision affect the delivery of comprehensive services to other economically disadvantaged youth.

Finally, the Committee is concerned that existing provisions in JTPA designed to improve the employability of economically disadvantaged youth are not currently being enforced. Title II-A, Section 203(b)(2) of JTPA stipulates that 40 percent of funds available for services shall be expended to provide appropriate services to eligible youth. The Committee expects that the Secretary of Labor will ensure that this provision is enforced in the future.

The Committee also received testimony regarding the success of Massachusetts' Employment and Training Choices program (ET), which served as a model for S. 514. Witnesses testified that this program has been highly successful in reducing long-term welfare dependency by 25 percent in Massachusetts. Testimony on S. 514 was favorable. Witnesses were supportive of its incentive approach, the flexibility it provides to states in permitting them to continue experimenting with a wide array of approaches to assist AFDC recipients, and the emphasis on joint responsibility between the job training and public assistance delivery systems.

IV. Description of Major Provisions of Bill

JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS INCENTIVE BONUS PROGRAM

S. 514 amends JTPA to add a new Title V, the Jobs for Employable Dependent Individuals Incentive Bonus program. Title V entitles each state to the payment of a bonus for the successful job placement of recipients of certain public assistance programs who are at risk of long-term dependency. These individuals include heads of households who, for two years prior to participation in JTPA, have received benefits under AFDC or the Immigration and Nationality Act (relating to cash assistance and medical assistance to refugees), and have no work experience for the preceding year of eligibility. A second category of individuals are those who are receiving benefits under the same programs at the time of the eligibility determination, are less than 22 years old, have not completed secondary school or its equivalent, and have no work experience for the preceding year.

The Committee bill also assists blind and handicapped individuals receiving Supplemental Security Income in the state bonus system. Eligible participants include individuals who have received such benefits for two years prior to participation in JTPA, and have no work experience for the year preceeding eligibility determination. A second category is included for SSI recipients who are

receiving such benefits at the time of eligibility determination, and are less than 22 years of age.

Further, in order for the states to receive an incentive bonus for these categories of individuals, the individuals must (1) participate in education, training, and support activities, (2) be placed in a nonsubsidized employment or in the case of persons with disabilities, nonsubsidized employment or "supported employment" as such term is defined in section 7(18) of the Rehabilitation Act of 1973, for at least one year after participation in job preparation activities, (3) earn income equal to or greater than the benefits previously received under AFDC, SSI or the Immigration and Nationality Act, and (4) no longer qualify for benefits under those programs.

In addressing the needs of persons with disabilities, the Committee has specifically included the "supported employment" provision in response to a growing body of research which clearly indicates the benefits associated with "supported employment" models as a means of enabling many persons with severe disabilities, including mentally retarded, physically handicapped, and chronically mentally ill individuals, to achieve competitive employment.

While the Committee agreed to include statutory language prohibiting the use of funds under JTPA for ongoing support services to those SSI recipients placed in "supported employment", the Committee did not include a reference to funds under the Rehabilitation Act of 1973 because such limits appear in that law as amended. In accordance with the Rehabilitation Act Amendments of 1986, P.L. 99-506, a state may use its basic state grant and funds provided under the new Title VI, Part C, for training and traditionally time-limited post-employment services leading to supported employment. Section 311 of the Act authorizes the expenditure of funds for "supported employment" demonstration programs which include the funding of ongoing support in addition to funding for training and traditionally time-limited post-employment services.

The Committee is concerned about reports and data which indicate the devastating human and financial toll which results from long-term welfare dependency. The Committee is also aware that many states and localities are attempting a number of approaches to successfully reduce the numbers of individuals dependent on public assistance, some of which have been proven successful. No single model, however, is effective everywhere. Therefore, rather than authorize the establishment of a new program and require specific approaches, the Committee believes the best policy is to give states an incentive to develop their own programs. This is also consistent with the basic philosophy of JTPA to maximize state and local flexibility.

AMOUNT OF INCENTIVE BONUS

S. 514 sets out two methods for determining the amount of the placement bonus base, one for the long-term dependent and another for the at-risk long-term dependent. For the long-term dependent, the placement bonus base is the average of the federal benefits received by an individual for the two years prior to the determination that the individual was eligible to be counted by the states for an incentive bonus. For the at-risk individual, it is the

annual amount the individual would have been entitled for one year at the time of the determination of eligibility. For each successful placement of an individual, as set out in S. 514 described above, the states will receive 75 percent of the placement bonus base the first year, 50 percent the second and 25 percent the third. These bonuses will be available for the number of placements in excess of those made during fiscal year 1986 or whatever base period is agreed upon by the Governor and Secretary.

RESERVATION OF INCENTIVE BONUS; USE OF FUNDS

S. 514 prescribes the manner in which the Governor shall use and distribute the incentive bonus. The Governor will distribute 15 percent of the funds to participating state agencies to support the costs of establishing and maintaining systems necessary for the operation of the JEDI program. These costs may include technical assistance, management information systems, post-program follow-up activities, and research and evaluation. The remaining funds will be distributed to participating agencies, private industry councils, and service providers, including community-based organizations, who contribute to the JEDI program. The Committee intends that these funds be distributed to those agencies and organizations that have done the work to earn the bonus. This pattern of bonus distribution assures that local efforts to reduce welfare dependency will be directly rewarded. These funds must be used only for education, training, and support activities designed to provide preparation for jobs.

The Committee agrees with witnesses who testified that distributing funds in this manner, to all participating agencies—not only JTPA service providers—will provide greater incentive for the AFDC, SSI and JTPA administrative and service delivery systems to coordinate their efforts and to jointly focus on those who most need the services these agencies provide. This will lead to the development of a more comprehensive services approach to meeting the needs of individuals dependent on public assistance.

PROVISIONS FOR IMPROVING ASSISTANCE TO HARD-TO-SERVE INDIVIDUALS AND WELFARE RECIPIENTS

S. 514 requires that unexpended amounts in excess of 20 percent of the state's allocation under Title II–A for that fiscal year, plus any unexpended balance from the prior year, be reallotted to states that did not have unexpended balances in excess of 20 percent. S. 514 also amends the performance standards provision of JTPA to more clearly express the need for serving the hard-to-serve.

The Secretary is required to provide improved information and technical assistance on performance standards adjustment approaches, to collect data that better identifies hard-to-serve individuals and long-term welfare dependency, and to provide guidance on setting performance goals at the service provider level that encourages increased service to the hard-to-serve, particularly long-term welfare recipients.

By strengthening the provisions relating to performance standards, the Committee intends to emphasize the importance of Section 106(d) and (e) of JTPA which allows variations in performance

standards for populations which face multiple barriers to employment. It is the intent of the Committee that the Secretary of Labor promote such adjustments of performance standards for hard-to serve individuals and long-term welfare dependents, including AFDC recipients and persons with disabilities, to meet the special needs of these populations, and to account for the added savings to the public which result from long-term employment of these individuals.

AFDC/SSI AND SUMMER YOUTH PROGRAMS

The Act also amends Title II-B, the Summer Youth Employment and Training program, to give SDAs three options: (1) to develop an enriched year-round component targeted to youth, particularly youth receiving AFDC and SSI; (2) to carry out the traditional Summer Youth Employment program; or (3) to carry out exemplary youth programs as defined under Section 205 of this Act. The new program option is targeted to young parents receiving AFDC and children of AFDC parents, and youth receiving SSI: all of whom experience multiple barriers to employment. The program can serve youth whether they are in or out of school.

The Committee is concerned with long-term individual investment strategies for disadvantaged youth that will enable them to attain the skills necessary to be productive citizens. Therefore, S. 514 as amended provides that AFDC/SSI youth participants' needs would be assessed and individual service plans established. Such plans would include an assessment of participant needs, goals to be achieved, and other services to be provided including mandatory classes in basic and remedial education, life-skills counseling, development of pre-employment and work maturity skills, occupational training and employment experience, and supportive services necessary to enable the individual to benefit from the program. The Secretary is required to designate factors for evaluating the performance of the AFDC/SSI youth component of the Summer Youth program which measure the return on the federal investment and, to the extent practicable and appropriate, measure basic education gains and reduced welfare dependency.

V. Votes in Committee

The amendment in the nature of a substitute was adopted by the committee by a unanimous roll call vote. The bill was reported to the Senate by a unanimous voice vote.

VI. Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, March 19, 1987.

Hon. Edward M. Kennedy,
Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached estimate of the costs of S. 514, the Jobs for Employable Dependent Individuals Act of 1987. The bill was ordered

reported by the Senate Committee on Labor and Human Resources on March 18, 1987.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

EDWARD M. GRAMLICH,
Acting Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 514.

2. Bill title: The Jobs for Employable Dependent Individuals Act of 1987.

3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources, March 18, 1987.

4. Bill purpose: To amend the Job Training Partnership Act to establish an incentive bonus program for the successful placement of certain employable dependent individuals, to add an enriched program option of employment and training for AFDC and SSI youth to the Summer Youth program, and for other purposes.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Budget authority/authorization level	4	−27	−42	−65	−85
Outlays	12	89	−35	−58	−76

These costs reflect four major changes in the Job Training Partnership Act (JTPA). First, the bill would establish an incentive bonus for the employment of certain dependent individuals. Second, it would reallocate unexpended JTPA Title IIA balances among states. Third, it would amend the program's performance standards in a way that could induce states to train more hard-to-serve individuals, particularly long-term welfare recipients. Finally, the bill incorporates amendments to the Summer Youth employment program to allow states to convert it into a year-round program for youth receiving Aid to Families With Dependent Children (AFDC) or Supplemental Security Income (SSI).

Basis of estimate: Estimated costs of the bill are very uncertain. Depending on state behavior in responding to the incentives provided by the JEDI bonus payments and to the authority to alter the Summer Youth program, the bill might result in net savings to the government or in net costs that exceed those we have shown in this estimate.

This estimate assumes that authorized amounts are fully appropriated in each fiscal year.

Major provisions of the bill are discussed in turn.

INCENTIVE BONUS PROGRAM

States would be entitled to receive bonus payments for certain participants in education and training programs who are placed in

jobs in excess of the number of such placements in fiscal year 1986. Participants who might qualify for bonuses are those who receive benefits from AFDC, SSI, or assistance to refugees (under section 412(e) of the Immigration and Nationality Act) and who meet either of two criteria. First, they have received benefits continuously for two years prior to education or training and they have no work experience for the preceding year. Second, they are less than 22 years of age, have not completed secondary school or its equivalent, and have no work experience for the preceding year. Further, the participant must be placed in nonsubsidized employment for at least one year after participation in training, must receive income equal to or greater than the AFDC, SSI or refugee benefits, and must no longer qualify for such benefits.

The bonus for each participant is generally based on average federal benefits received during the two years prior to qualifying for a bonus. The bonus paid is 75 percent of the average benefits in year one, 50 percent in year two, and 25 percent in year three.

The table below shows that CBO estimates paid bonuses to rise from in 1988 to $13 million in 1992. These bonuses are for qualifying participants already being trained in either JTPA or in AFDC work programs that provide education and training, to the extent their placements in jobs exceed 1986 placements. Most of the bonuses are for AFDC training programs, where spending under current law is estimated to rise from $100 million in 1986 to $240 million in 1992. In JTPA, where CBO's baseline shows JTPA spending to remain constant in real terms, bonuses would be much smaller. Only those states with a redistribution of funds away from other states or with increased placement rates would receive bonuses. CBO estimates that bonuses would be paid only for approximately 1000 JTPA participants a year.

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
INCENTIVE BONUS PROGRAM					
Bonuses paid:					
Authorization level	0	2	7	11	13
Outlays	0	2	7	11	13
Savings in welfare programs aid to families with dependent children:					
Budget authority	0	0	−1	−1	−3
Outlays	0	0	−1	−1	−3
Medicaid:					
Budget authority	0	0	0	0	−1
Outlays	0	0	0	0	−1
Food stamps:					
Authorization level	0	0	0	−1	−1
Outlays	0	0	0	−1	−1
Total savings:					
Budget authority/authorization level	0	0	−1	−2	−4
Outlays	0	0	−1	−2	−4
Costs of administration:					
Authorization level	2	2	2	2	2
Outlays	2	2	2	2	2
Subtotal, Incentive Bonus Program:					
Budget authority/authorization level	2	4	8	11	11
Outlays	2	4	8	11	11

CBO estimates that after adjusting levels of participants and placements to those in excess of 1986 levels, 35 percent of participants would meet the bonus criterion of more than two years on AFDC and 10 percent would meet the criterion of under 22 years of age (along with the other criteria the two groups would have to satisfy). Of these "bonus eligibles", CBO estimates that 25 percent of the first group and 19 percent of the second group would qualify for bonuses in the first year because of their placement in jobs and loss of AFDC benefits. By the second year, only 78 percent of first-year qualifiers are assumed to qualify, and by the third year, only 61 percent. The bonus base (federal benefits before the 75 percent, 50 percent, or 25 percent is applied) is estimated to average $2354 for 1988 participants on AFDC more than two years and $1623 for 1988 participants less than 22 years of age. The latter group's bonus base is lower because their family size is smaller.

Because these participants would have been trained anyway—that is, without the JEDI bill—there are no welfare savings for them over and above the savings that exist under current law. When the bonuses the states would receive are spent on education and training of additional participants, however, there would be welfare savings. As shown in the table, CBO estimates these savings in AFDC, Medicaid, and Food Stamps to be zero or insignificant in 1988 and 1989 and to total $4 million in 1992. These savings are based on an estimated 800 new persons trained with funds from the bonus payments in 1989 and 4000 in 1992. Of these new participants, 11.8 percent are estimated to leave AFDC as a result of the education and training. This estimated result is based on studies of work programs in AFDC conducted by the Manpower Demonstration Research Corporation (MDRC), with a further assumption that a dollar of spending on any type of work program—job search, workfare, education, or training—has the same result. Because training costs considerably more than the other types of work programs, the estimated result used here is considerably higher than that reported by MDRC.

Numbers of beneficiaries of either SSI or refugee assistance in training or work programs are very small. Thus CBO estimates that costs and savings for these groups would be insignificant.

The existence of the bonuses, as well as the new performance standards, probably would induce states to serve more participants who might qualify for bonuses. The CBO estimate shows no costs or savings for this possibility because of the uncertainties involved. We do not know how many states would react or the magnitude of their reaction. Further, we do not know how they would react: by shifting training from non-AFDC participants who might qualify for bonuses. The CBO estimate participants who would not qualify for a bonus to those who would, or by increasing spending.

Certain reactions would save money but others would cost money. An example of a state reaction that would save money is a shift in JTPA from serving non-AFDC trainees to serving AFDC trainees; governments would experience welfare savings from such a shift as the AFDC trainees found jobs and left AFDC, and the savings would more than offset bonus costs. An example of a state reaction that might cost money is a shift in AFDC work programs to more training and away from other work programs like job

search; welfare savings would be unchanged (according to CBO assumptions that keep welfare savings constant regardless of the type of work or training program) and there would be bonus costs. Even though CBO shows no *net* costs or savings from any reaction by states to the bonuses, total bonuses paid and total savings would be higher than shown in this estimate.

While the CBO estimate reflects the bill's effects relative to current law, its effects could change significantly if legislation were enacted to increase spending in AFDC work programs. Such a rise in spending and trainees would result in the payment of more bonuses. In effect, the bonus payments on the new trainees would reduce the net savings or raise the net costs of the new AFDC work programs.

Costs to administer the new bonus program within JTPA at the national level are estimated to be $2 million a year. Other costs of running the program, such as tracking the work and AFDC status of participants for three years, would be paid out of the bonuses, under the bill's provision that allows up to 15 percent of bonuses to be used for these purposes. If costs exceeded this amount, they would have to be absorbed by the states.

REALLOCATION OF UNSPENT BALANCES

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Authorization level					
Outlays					

The bill would require that JTPA Title IIA allocations be reduced in states with unexpended balances in excess of 20 percent of the funds available for the coming program year. Nearly all states have unexpended balances above the target level so that about $250 million would be available for reallocation. The money would be reallocated to states based on the states need and ability to use the funds to train hard-to-serve individuals. This provision could affect federal outlays depending on if the money were distributed to states that could spend it immediately. If the money were to remain unspent throughout the program year, it would add to the states' unexpended balances and would become part of the amount that would have to be reallocated the next year.

PROGRAM EVALUATION

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Authorization level	2	2	2		
Outlays	2	2	2		

The Secretary would be required to submit a thorough evaluation of the Jobs for Employable Dependent Individuals Act within three years of enactment. The evaluation would consider the effec-

tiveness of the program and would analyze its costs and welfare savings. CBO estimates the cost of the evaluation to be approximately $2 million per year for three years. This estimate assumes that an evaluation using control and experimental groups similar to the MDRC studies is conducted and that six to twelve states would have to be included in the sample at a cost of $500,000 to $1,000,000 per state. The evaluation costs would be reduced if the JEDI evaluation could be added on to the large-scale study of JTPA that is currently taking place. If the add-on were possible, the evaluation costs might be reduced to less than $2 million in total.

SUMMER AND AFDC/SSI YOUTH PROGRAM

This section of the bill would replace the currently authorized Summer Youth program with the Administration's proposal for a program allowing states and local areas to choose a mix of services. The states could choose to establish a more intensive year-round program for AFDC or SSI recipients 14–21 years of age, to continue the existing subsidized summer jobs program for economically disadvantaged youth, or to do both.

In the 1988 Budget, the President requested $800 million to fund the new AFDC and Summer Youth program. The CBO Baseline in 1988 for the existing Summer Youth program is $788 million, thus the additional budget authority needed to implement this program would be about $12 million in 1988 and $14 million in 1992. Estimated outlays are expected to increase by an insignificant amount in 1988 and by $14 million in 1992 because of the new authority. In addition, however, estimated outlays are expected to increase by $20 million in 1988, $119 million in 1989, and $9 million in 1992 because the greater flexibility and year-round nature of the new program would result in faster spending of currently authorized funds. Because we assume that the program is authorized for the entire projection period, no savings are visible from spending the money more quickly. If the program were not authorized after a given year, savings would show in the third year after the authorization expired.

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
SUMMER AND AFDC/SSI YOUTH PROGRAM					
New authority:					
Authorization level	12	12	13	14	14
Outlays	(1)	9	12	13	14
Faster spending:					
Authorization level					
Outlays	20	119	8	8	9
Reallocation of spending bonuses paid:					
Authorization level	0	10	25	30	35
Outlays	0	10	25	30	35
Savings in welfare programs aid to families with dependent children:					
Budget authority	−5	−30	−50	−70	−85
Outlays	−5	−30	−50	−70	−85
Medicaid:					
Budget authority	−2	−10	−15	−20	−20
Outlays	−2	−10	−15	−20	−20

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Food stamps:					
Authorization level	−5	−15	−25	−30	−40
Outlays	−5	−15	−25	−30	−40
Total Savings:					
Budget authority/authorization level	−12	−55	−90	−120	−145
Outlays	−12	−55	−90	−120	−145
Subtotal, Summer and AFDC/SSI Youth Program:					
Budget Authority/Authorization level	0	−33	−52	−76	−96
Outlays	8	83	−45	−69	−87

[1] Less than $500,000.

A reallocation of spending from the Summer Youth program to a year-round education and training program serving mostly young AFDC mothers would result in net budgetary savings. Savings would also result from training SSI youth but because their numbers are so small, these effects are ignored in the estimate. Training the young AFDC mothers would cause a reduction in welfare spending to the extent the mothers found jobs as a result of the training. Such welfare savings would be partially offset by the bonuses that would have to be paid under JEDI for the mothers who found jobs and left AFDC. CBO estimates that total savings would be $12 million in 1988 and $145 million in 1992, offset by bonus payments of zero in 1988 and $35 million in 1992.

A number of assumptions underlie this estimate. CBO assumes that one-half of program spending—$400 million a year—would be shifted from a summer jobs program to a year-round education and training program. Of the $400 million, 75 percent is assumed to be used for training young AFDC mothers rather than children in AFDC families. At an estimated training cost of $2645 in 1988, including child care for children under the age of six, some 115,000 young mothers could be trained each year. As noted in the discussion of JEDI, the percentage of trainees for whom there would be welfare savings is estimated to be 11.8 percent. Total welfare savings were reduced by 10 percent to allow for some AFDC savings from the summer youth program spending that would be reallocated.

As to the bonus payments under JEDI, CBO assumes that 75 percent of all AFDC adult trainees would have the characteristics necessary to qualify for bonuses, that is, they would be under 22 years of age, high-school dropouts, and have no work experience for the preceding year. This assumed percentage is higher than would occur without the incentive from the JEDI bonus. For example, only about 50 percent of young AFDC mothers are high-school dropouts, yet we have assumed that 75 percent of the trainees would be dropouts. Incentives would actually be paid for an estimated 19 percent of the qualifying mothers who found jobs and left AFDC.

6. Estimated cost to State and local governments: State and local government spending on welfare programs would decline under JEDI. In both AFDC and Medicaid, states share program costs with the federal government. Their share averages 45 percent in both

programs. As welfare recipients are trained, placed in jobs, and lose AFDC and Medicaid benefits, states and localities would experience budgetary savings.

As estimated by CBO, state and local savings would rise from $6 million in 1988 to $95 million in 1992.

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
AFDC	−5	−25	−45	−60	−75
Medicaid	−1	−5	−10	−15	−20
Total, estimated State and local outlays	−6	−30	−55	−75	−95

State would also receive the bonus payments. Because these payments must be spent on education, training, and support services, CBO has not included them in the table of savings.

Estimate comparison: None.

8. Previous CBO estimate: On March 17, 1987, CBO prepared an estimate of S. 514, as amended by Senator Quayle, in response to a request from Senator Simon. Estimated costs were identical to those shown here.

9. Estimate prepared by: Janice Peskin and Marianne Deignan.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

VII. Regulatory Impact Statement

While Senate rules require that statements as to the regulatory, inflationary and paper work impact of specific legislation be included, the Committee finds that this is impossible in this particular case. JEDI is a bill which offers an option to states but does not require any action. Because this bill is voluntary in nature it is impossible to predict the specific impact it will have on any of these areas.

While specific estimates are impossible, certain assumptions may be made. Since JEDI spends no new money and is likely to decrease rather than increase unemployment, the inflationary impact of the bill will be zero. JEDI should influence the economy in a positive way by helping long-term recipients of federal assistance to become productive, independent citizens.

In addition, because JEDI requires no new complex regulations or administrations, the regulatory impact of the bill should be negligible.

Finally, while some additional paperwork may be necessary to document and conduct the payment of bonuses, it will be minimal.

VIII. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

JOB TRAINING PARTNERSHIP ACT [1]

AN ACT To provide for a job training program and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Job Training Partnership Act".

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. Statement of purpose.
Sec. 3. Authorization of appropriations.
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Sec. 102. Establishment of private industry council.
Sec. 103. Functions of private industry council.
Sec. 104. Job training plan.
Sec. 105. Review and approval of plan.
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[1] As amended through Public Law 99-570.

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Sec. 204. Use of funds.
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[PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

[Sec. 251. Purposes.
[Sec. 252. Authorization of appropriations; allotment and allocation.
[Sec. 253. Use of funds.
[Sec. 254. Limitations.
[Sec. 255. Applicable provisions.]

PART B—SUMMER AND AFDC/SSI YOUTH EMPLOYMENT AND TRAINING PROGRAMS

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Sec. 252. Authorization of appropriations; allotment and allocation.
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Sec. 254. AFDC/SSI youth employment and training program.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

Sec. 301. Allocation of funds.
Sec. 302. Identification of dislocated workers.
Sec. 303. Authorized activities.
Sec. 304. Matching requirement.
Sec. 305. Program review.
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Sec. 307. Limitations.
Sec. 308. State plans; coordination with other programs.

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Sec. [501]. *601.* Amendments to the Wagner-Peyser Act.
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Sec. [503]. *603.* Earnings discharged.
Sec. [504]. *604.* Enforcement of Military Selective Service Act.

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. (a)(1) There are authorized to be appropriated to carry out part A of title II and title IV (other than part B of such title) such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(2) From the amount appropriated pursuant to paragraph (1) for any fiscal year, an amount equal to not more than 7 percent of the

total amount appropriated pursuant to this section shall be available to carry out parts A, C, D, E, F, and G of title IV.

(3) Of the amount so reserved under paragraph (2)—

(A) 5 percent shall be available for part C of title IV, and

(B) $2,000,000 shall be available for part F of title IV.

(b) There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(c) There are authorized to be appropriated to carry out title III such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(d) There are authorized to be appropriated $618,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year, to carry out part B of title IV of this Act.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of title V of this Act.

[(e)](*f*) The authorizations of appropriations contained in this section are subject to the program year provisions of section 161.

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TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

* * * * * * *

JOB TRAINING PLAN

SEC. 104. (a) No funds appropriated for any fiscal year may be provided to any service delivery area under this Act except pursuant to a job training plan for two program years which is prepared in accordance with section 103 and which meets the requirements of this section.

(b) Each job training plan shall contain—

(1) identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

(2) a description of the services to be provided, including the estimated duration of service and the estimated training cost per participant;

(3) procedures for identifying and selecting participants and for eligibility determination and verification;

(4) performance goals established in accordance with standards prescribed under section 106;

(5) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

(6) the budget for two program years and any proposed expenditures for the succeeding two program years, in such detail as is determined necessary by the entity selected to prepare this portion of the plan pursuant to section 103(b)(1)(B) and to meet the requirements of section 108;

(7) a description of the procedures and methods of carrying out the provisions of title V, relating to incentive bonus payments for employable dependent individuals;

(8)[(7)] a description of methods of complying with the coordination criteria contained in the Governor's coordination and special services plan;

(9)[(8)] if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of individual service delivery area programs, including—

(A) assessment of needs and problems in the labor market that form the basis for program planning;

(B) provisions for ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market; and

(C) coordinated or joint implementation of job development, placement, and other employer outreach activities;

(10)[(9)] fiscal control, accounting, audit and debt collection procedures to assure the proper disbursal of, and accounting for, funds received under this title; [and]

(11)[(10)] procedures for the preparation and submission of an annual report to the Governor which shall include—

(A) a description of activities conducted during the program year;

(B) characteristics of participants; and

(C) the extent to which the activities exceeded or failed to meet relevant performance standards[.] ; *and*

(12)[(11)] for service delivery areas intending to operate or operating a program under section 254, a comprehensive plan of service in accordance with the requirements of section 254(c)(1).

* * * * * * *

REVIEW AND APPROVAL OF PLAN

SEC. 105. (a) * * *

(b)(1) The Governor shall approve the job training plan or modification thereof unless he finds that—

(A) corrective measures for deficiencies found in audits or in meeting performance standards from previous years have not been taken or are not acceptably underway;

(B) the entity proposed to administer the program does not have the capacity to administer the funds;

(C) there are inadequate safeguards for the protection of funds received;

(D) the plan (or modification) does not comply with a particular provision or provisions of this Act or of regulations of the Secretary under this Act; [or]

(E) the plan (or modification) does not comply with the criteria under section 121(b) for coordinating activities under this Act with related program activities[.]; *or*

(F) for service delivery areas intending to operate or operating a program under section 254, the plan (or modification) does not

include the required comprehensive plan of service (in accordance with the requirements of section 254(c)(1)).

* * * * * * *

PERFORMANCE STANDARDS

SEC. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

(1) it is essential that criteria for measuring the return on this investment be developed; and

(2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.

(2) In prescribing standards under this section the Secretary shall [also] designate factors for evaluating the performance of youth programs *under part A of title II* which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs, or apprenticeships, or enlistment in the Armed Forces.

(3) The Secretary shall, at such time as the Secretary deems appropriate, prescribe standards for evaluating the performance of the AFDC youth and SSI youth employment and training programs under section 254. In prescribing such standards, the Secretary shall designate factors which, in addition to appropriate utilization of the factors described the paragraphs (1) and (2), may include, to the extent practicable, measures of basic education gains and reduced welfare dependency.

[(3)] *(4)* The standards include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator or postprogram earnings and cash welfare payment reductions; and

(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent chil-

dren records, statistical sampling techniques, and similar records or measures.

(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance mearsues.

(5) In prescribing performance standards under this section for programs authorized by section 109 and title V, relating to the placement of certain employable dependent individuals, the Secretary shall weight the placement of such individuals in accordance with the average cost of succesful placement of such individuals compared to the average cost of successful placement of individuals eligible for services under part A of title II of this Act.

* * * * * * *

(e)(1) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection based upon specific economic, geographic, and demographic factors in the State and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

(2) The Secretary shall—

(A) provide improved information and technical assistance on performance standards adjustment approaches;

(B) collect data that better specifies hard-to-serve individuals and long-term welfare dependency; and

(C) provide guidance on setting performance goals at the service provider level that encourages increased service to the hard-to-serve, particularly long-term welfare recipients, including title IV of the Social Security Act relating to aid to families with dependent children and title XVI relating to supplementary security income.

The Secretary shall also reexamine performance standards to ensure that such standards provide maximum flexibility in serving the hard-to-serve, particularly long-term welfare recipients, including title IV of the Social Security Act relating to aid to families with dependent children and title XVI relating to supplementary security income.

* * * * * * *

(h)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council; prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select an alternate entity to administer the program for the service delivery area.

(2) The alternative administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

(i)(1) The basic measure of performance for adult education programs under section 204 shall be the attainment of educational competence in reading, writing, and computation, including, where appropriate, acquisition of the general education development in order to reduce welfare dependency by increasing individual employability. In order to determine whether the basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which should include: (A) satisfactory progress toward mastering the basic academic competences, (B) measured progress through each grade level, (C) retention in the program and placement, if possible, in employment, and (D) satisfactory completion of the general education development.

(2) Nothing in this subsection shall be construed to modify the performance standard prescribed in subsection (b) of this section.

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PART B—ADDITIONAL STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

SEC. 121. (a)(1) The Governor shall annually prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans required under section 104 of this Act and section 8 of the Act of June 6, 1933 (known as the Wagner-Peyser Act).

(2) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan for two program years to the Secretary describing the use of all resources provided to the State and its service delivery areas under this Act and evaluating the experience over the preceeding two years.

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, programs for the homeless, postsecondary institutions, economic development agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State. Such criteria shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of section 107 and 203.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

(3) The State plan shall include a description of the manner in which the State will encourage the successful carrying out of—

(A) training activities for employable dependent individuals whose placement is the basis for the payment to the State of the incentive bonus authorized by title V; and

(B) the training services, outreach activities, and preemployment support activities furnished to such individuals

[(3)] *(4)* The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

[(4)] *(5)* If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

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PART D—FEDERAL AND FISCAL ADMINISTRATIVE PROVISIONS

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FISCAL CONTROLS; SANCTIONS

SEC. 164. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under [titles II and III] *titles II, III, and V*. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of each recipient of funds under [titles II and III] *titles II, III, and V* of this Act. Under criteria established by the Director of the Office of Management and Budget, and upon application by the Governor, the Secretary may exempt designated recipients from all or part of the requirements of this section, except that any such exemption shall not apply to the State administering agency, the entity which is the administrative entity for the job training plan for a service delivery area, or a private industry council. Any exemption under this section may be withdrawn by the Secretary in consultation with the Director of the Office of Management and Budget.

(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.

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OBLIGATIONAL AUTHORITY

SEC. 171. Notwithstanding any other provision of this Act, no authority to enter into contracts or financial assistance agreements under this Act shall be effective except to such extent or in such amount as are provided in advance in appropriation Acts.

CONSTRUCTION

SEC. 172. (a) Nothing in this Act shall be construed in any way to limit the right of persons to remain eligible for assistance under title XIX of the Social Security Act relating to Medicaid pursuant ot section 1619(b) of such Act.

(b) Nothing in this Act shall be construed to authorize the use of funds under this Act for the ongoing support services provided to handicapped individuals placed in supported employment, as such term is defined in section 7(18) of the Rehabilitation Act of 1973.

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TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

PART A—ADULT AND YOUTH PROGRAMS

ALLOTMENT

SEC. 204. (a)–(b) * * *

(c)(1) For program years beginning July 1, 1988, and therafter, the allotment from funds appropriated for such program year of a State shall be reduced by the amount that the unexpended balance at the end of the program year prior to the program year for which the determination under this subsection is made exceeds 20 percent of the State's allocation for that fiscal year and the unexpended balance from the program year prior to that program year.

(2) Amounts available pursuant to paragraph (1) of this subsection shall be reallotted to States not subject to reduction under paragraph (1) in accordance with this section.

WITHIN STATE ALLOCATION

SEC. 202. (a)(1) The Governor shall, in accordance with section 162, allocate 78 percent of the allotment of the State (under section 201(b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2).

(2) Subject to the provisions of paragraph (3), of the amount allocated under this subsection—

(A) 33⅓ percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the State;

(B) 33⅓ percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

(C) 33⅓ percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in section 101(a)(4)(A)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level

in such area or the number of economically disadvantaged individuals in such area.

(3) For fiscal years beginning after September 30, 1986, no service delivery area within any State shall be allocated an amount equal to less than 90 percent of the average of its allocation percentage for the two preceding fiscal years preceding the fiscal year for which the determination is made. The allocation percentage for a service delivery area is the percentage which the service delivery area received of the total amount allocated pursuant to this subsection to all service delivery areas within the State for each such preceding fiscal year. If the amounts appropriated pursuant to section 3 (a) and (b) are not sufficient to provide an amount equal to at least 90 percent of such allocation percentages to each such area, the amounts allocated to each area shall be ratably reduced.

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(b)(1) Eight percent of the allotment of each State (under section 201(b)) for each fiscal year shall be available to carry out section 123, relating to State education programs under this Act.

(2) Three percent of such allotment of each State for each fiscal year shall be available to carry out section 124, relating to training programs for older individuals.

(3)(A) Six percent of such allotment of each State for each fiscal year shall be available to carry out subparagraph (B) of this paragraph.

(B) The amount reserved under subparagraph (A) of this paragraph shall be used by the Governor to provide incentive grants for programs under this title exceeding performance standards[, including incentives for serving hard-to-serve individuals] *and incentives for serving increased numbers of hard-to-serve individuals, particularly long-term welfare recipients, including title IV of the Social Security Act relating to aid to families with dependent children and title XVI relating to supplementary security income.* The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service delivery areas exceed their performance standards. If the full amount reserved under subparagraph (A) of this paragraph is not needed to make incentive grants under this subparagraph, the Governor shall use the amount not so needed for technical assistance to service delivery areas in the State. Funds available under this subparagraph may, without regard to section 108(a), be used by the Governor or a service delivery area during not more than two program years to develop and implement a data collection system to track the postprogram experience of participants under this part.

(4) Five percent of such allotment of the State for each fiscal year shall be available to the Governor of the State to be used for the cost of auditing activities, for administrative activities, and for other activities under sections 121 and 122.

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[PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

[PURPOSE

[SEC. 251. The purpose of programs assisted under this part is to—

[(1) enhance the basic educational skills of youth;

[(2) encourage school completion, or enrollment in supplementary or alternative school programs; and

[(3) provide eligible youth with exposure to the world of work.

[AUTHORIZATION OF APPROPRIATIONS; AND ALLOTMENT AND ALLOCATION

[Sec. 252. (a) From the funds appropriated under section 3(b), the Secretary shall first allocated to Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

[(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a) (2), (3), and (4).

[USE OF FUNDS

[Sec. 253. (a) Funds available under this part may be used for—

[(1) basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, and any other employment or job training activity designed to give employment to eligible individuals or prepare them for, and place them in, employment; and

[(2) supportive services necessary to enable such individuals to participate in the program.

[(b) A service delivery area shall assess the reading and mathematics skills levels of eligible participants in programs funded by this part and shall expend funds (from this Act or otherwise available to the service delivery area, or both) for basic and remedial education as described in the job training plan under section 104.

[LIMITATIONS

[SEC. 254. (a) Programs under this part shall be conducted during the summer months, except that a service delivery area may, within the jurisdiction of any local educational agency that operates its schools on a year-round, full-time basis, offer the programs under this part to participants during the vacation period treated as the equivalent of a summer vacation.

[(b) Except as provided in subsection (c), individuals eligible under this part shall be economically disadvantaged youth.

[(c) Eligible individuals aged 14 or 15 shall, if appropriate and set forth in the job training plan, be eligible for summer youth programs under this part.

[APPLICABLE PROVISIONS

[SEC. 255. (a) Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this part as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II.

[(b) In accordance with the provisions of subsection (a), each service delivery area shall establish written program goals and objectives which shall be used for evaluating the effectiveness of programs conducted under this part. Such goals and objectives may include—

[(1) improvement in school retention and completion;

[(2) improvement in academic performance, including mathematics and reading comprehension;

[(3) improvement in employability skills; and

[(4) demonstrated coordination with other community service organizations such as local educational agencies, law enforcement agencies, and drug and alcohol prevention and treatment programs.]

PART B—SUMMER AND AFDC/SSI YOUTH EMPLOYMENT AND TRAINING PROGRAMS

SEC. 251. (a) The purpose of programs assisted under section 253 is to—

(1) enhance the basic educational skills of youth;

(2) encourage school completion, or enrollment in supplementary or alternative school programs; and

(3) provide eligible youth with exposure to the world of work.

(b) In addition to the purposes described above, the programs assisted under section 254 are intended to—

(1) provide AFDC and SSI youth with the skills necessary for entering the labor force;

(2) assist AFDC and SSI youth in addressing problems which prevent them from becoming productive members of society; and

(3) reduce welfare dependency by targeting resources to help these AFDC and SSI youth, including young mothers receiving AFDC or SSI, who face multiple barriers to employment.

AUTHORIZATION OF APPROPRIATIONS; ALLOTMENT AND ALLOCATION

SEC. 252. (a) From the funds appropriated under section 3(b), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a) (2) [*and*] *(3)*[*,*] *and (4).*

SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAM

SEC. 253. (a)(1) Funds available under this part may be used for—

(A) basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training, preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, and any other employment or job training activity designed to give employment to eligible individuals or prepare them for, and place them in, employment; and

(B) supportive services necessary to enable such individuals to participate in the program.

(2) A service delivery area shall assess the reading, writing and mathematics skill levels of eligible participants in programs funded by this part and shall expend funds (from this Act or otherwise available to the service delivery area, or both) for basic and remedial education as described in the job training plan under section 104.

(b)(1) Programs under this section shall be conducted during the summer months, except that a service delivery area may—

(A) within the jurisdiction of any local educational agency that operates its schools on a year-round full-time basis, offer the programs under this section to participants during a vacation period treated as the equivalent of a summer vacation; or

(B) use all or part of the funds under this part for conducting year round exemplary youth programs authorized under section 205 of this act.

(2) Except as provided in paragraph (3), individuals eligible under this section shall be economically disadvantaged youth consistent with section 4(8) of this Act.

(3) Eligible individuals aged 14 or 15 shall, if appropriate and set forth in the job training plan, be eligible for summer youth programs under this section.

(c)(1) Private industry councils established under title I, chief elected officials, State job coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this section as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II.

(2) In accordance with the provisions of paragraph (1), each service delivery area shall establish written program goals and objectives which shall be used for evaluating the effectiveness of programs conducted under this section. Such goals and objectives may include—

(A) improvement in school retention and completion;

(B) improvement in academic performance, including reading, writing and mathematics comprehension;

(C) improvement in employability skills; and

(D) demonstrated coordination with other community service organizations such as local educational agencies, law enforcement agencies, and drug and alcohol prevention and treatment programs.

AFDC/SSI YOUTH EMPLOYMENT AND TRAINING PROGRAM

SEC. 254. (a) In addition to or in lieu of the services for youth available in accordance with section 253, each service delivery area may elect to use funds available to it under this part for the program described in this section.

(b)(1) The program under this section may be conducted on a year-round basis.

(2) An individual shall be eligible to participate in the program under this section only if—

(A) such individual is aged 16 through 21, or if appropriate and set forth in the job training plan, such individual is aged 14 through 21,

(B) such individual is receiving payments, or such individual is an individual whose needs are considered in determing payments, made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act or title XVI of the Social Security Act relating to supplemental security income, and

(C) such individual is at risk of becoming a long-term welfare recipient or long-term unemployed.

(c) A service delivery area electing to operate a program under this section shall—

(1) describe in its job training plan a comprehensive plan of service containing—

(A) the provess for assessing the needs of each participant (including educational, training, employment, and social service needs);

(B) the services (including supportive services necessary to enable such individuals to participate in the program) and activities to be provided, including the agencies that will provide such services, and an estimate of the length of time service will be provided to the participant; and

(C) goals to be attained, including the intermediate success points to be pursued during the course of participation; and

(2) provide the necessary services, where the assessment of the participant pursuant to subsection (c)(1)(A) indicates a need, including where appropriate—

(A) basic and remedial education;

(B) drug and alcohol abuse counseling;

(C) pregnancy and pregnancy prevention counseling;

(D) child care classes; and

(E) life skills planning classes.

(d) Funds available for the program under this section may be used to provide, in addition to the services required under subsection (c), the following services:

(1) classroom training, on-the-job training, work experience, job search assistance, employment counseling, world-of-work orientation, any of the activities described under section 205 of this Act, and any other educational, employment, or job training activity designed to prepare participants for, or place individuals in, employment; and

(2) other supportive services for such individuals.

(e) Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this section as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II, except that private industry councils shall have the additional responsibility under this section of ensuring that the job training plan provide for coordination of service delivery areas, local welfare agencies, and local educational agencies in the planning, program design, and the provision of services to participants.

(f) The Secretary and the Secretary of Health and Human Services shall issue regulations jointly relating to the safeguarding and sharing, between service delivery areas and agencies administering a plan under part A of title IV of the Social Security Act, of information concerning programs under this part that is necessary for carrying out the purposes of such programs, and of the State plans approved under part A of title IV of the Social Security Act.

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TITLE V—JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS INCENTIVE BONUS PROGRAM

STATEMENT OF PURPOSE

SEC. 501. It is the purpose of this title to entitle each State to the payment of a bonus for the successful job placement of certain employable dependent individuals.

ELIGIBILITY BASIS FOR INCENTIVE BONUS ENTITLEMENT

SEC. 502. (a) An individual who is a head of a household shall be eligible to be counted for the purpose of a payment of an incentive bonus under this title if the individual—

(1)(A) has received benefits continuously under—

(i) a State plan approved under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or

(ii) section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical assistance to refugees,

for at least 2 years prior to participation in education, training, and supportive services designed to provide jobs for such individuals; and

(B) has no work experience for the year preceding the year for which the determination of eligibility is made; or

(2)(A) receives benefits at the time the determination of eligibility under this title is made under a State plan under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical assistance to refugees, and

(B) has—

(i) not attained 22 years of age,

(ii) not completed secondary school or its equivalent, and

(iii) no work experience for the year preceding the year for which the determination of eligibility under this title is made; and

(3) meets the requirements of subsection (c).

(b) An individual who is blind or disabled shall be eligible to be counted for the purpose of a payment of an incentive bonus under this title if the individual—

(1)(A) has received benefits continuously under title XVI of the Social Security Act relating to supplemental security income program for at least 2 years prior to participation in education, training, and support services designed to provide jobs for such individuals; and

(B) has no work experience for the year preceding the year for which the determination of eligiblity is made; or

(2)(A) receives benefits at the time the determination of eligibility under this title is made under title XVI of the Social Security Act relating to supplemental security income, and

(B) has—

(i) not attained 22 years of age,

(ii) no work experience for the year preceding the year for which the determination of eligibility under this title is made; and

(3) meets the requirements of subsection (d).

(c) An individual meets the requirements of paragraph (3) of subsection (a) if the individual—

(1) participates in education, training, and supportive services designed to provide jobs for such individuals;

(2) is placed in nonsubsidized employment for at least 1 year after such participation;

(3) receives from the employment described in clause (2) income equal to or greater than the amount of cash benefits which the family received in the preceding year under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical assistance to refugees; and

(4) no longer qualifies for benefits described in clause (3).

(d) An individual meets the requirements of paragraph (3) of subsection (b) if the individual—

(1) participates in education, training, and support services designed to provide jobs for such individuals;

(2) is placed in employment or supported employment (as such term is defined in section 7(18) of the Rehabilitation Act of 1973) for at least 1 year after such participation;

(3) receives from the employment described in clause (2) income equal to or greater than the amount of cash benefits which the individual received under title XVI of the Social Security Act relating to supplemental security income; and

(4) no longer qualifies for benefits described in clause (3).

(e) Each State shall be entitled to (subject to funds provided in appropriation Acts) receive an incentive bonus payment for the placement in accordance with the provisions of this title of individuals who are eligible under this section.

AMOUNT OF INCENTIVE BONUS

SEC. 503. (a) The amount of the incentive bonus paid to each State under this title shall be equal to—

(1) 75 percent of the placement bonus base for each successful placement of an individual described in section 502;

(2) 50 percent of the placement bonus base for the second continuous year of such employment; and

(3) 25 percent of the placement bonus base for the third continous year of such employment,

in excess of the number of such placements made in fiscal year 1986 or such other base period as provided by agreement between the Governor and the Secretary.

(b) For the purpose of this section, the placement bonus base—

(1) for an individual who qualifies under section 502(a)(1) is equal to the sum of the Federal contribution to amounts received by the individual and the family of such individual under a State plan approved under part A of title IV of the Social Security Act, relating to aid to families with dependent children, or under section 412(e) of the Immigration and Nationally Act, relating to cash assistance and medical assistance to refugees, or both, for the 2 fiscal years prior to the determination made under section 502 divided by 2; and

(2) for an individual who qualifies under section 502(a)(2) shall be the annual amount to which such individual would have been entitled for one year at the time of the determination of eligibility of the individual, if such individual has not received the benefits described in subsection (b) for the prior year, under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or section 412(e) of the Immigration and Nationality Act relating to cash assistance and medical assistance to refugees.

(c) For the purpose of this section, the placement bonus base—

(1) for an individual who qualifies under section 502(b)(1) is equal to the sum of the Federal contribution to amounts received by the individual under title XVI of the Social Security Act relating to supplemental security income for the two fiscal years prior to the determination made under section 502 divided by 2; and

(2) for an individual who qualifies under section 502(b)(2) shall be the annual amount to which such individual would have been entitled for one year at the time of the determination of eligibility of the individual, if such individual has not received the benefits described in subsection (c) for the prior year

under title XVI of the Social Security Act relating to supplemental security income.

APPLICATIONS AND VERIFICATION REQUIRED

SEC. 504. (a) Each State providing training to individuals qualifying for the incentive bonus under this title shall submit to the Secretary an application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall—

(1) set forth the bonus base for the placement of individuals qualifying under this title in the State;

(2) set forth the nonsubsidized employment or supported employment (as such term is defined in section 7(18) of the Rehabilitation Act of 1973) for each such individual and the annual amount earned;

(3) set forth the amount of cash benefits under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical assistance to refugees, received by each individual placed pursuant to clause (1) of this subsection and the amount of cash benefits under title XVI of the Social Security Act relating to benefits for disabled individuals under the supplemental security income program received by each individual placed pursuant to clause (1) of this subsection;

(4) describe the arrangements for carrying out sections 502(c)(1) and 502(d)(1) relating to the provision of education, training, and supportive services; and

(5) set forth such additional information as the Secretary determines to be necessary.

(b) The Secretary maynot approve an application under this section without adequate verification of the placements described in the application of the State made under subsection (a).

PAYMENTS

SEC. 505. The Secretary shall pay (subject to funds provided in appropriation Acts) to each State the amount to which the State is entitled by reason of an application approved under section 504.

RESERVATION OF INCENTIVE BONUS; USE OF FUNDS

SEC. 506. (a) The Governor shall reserve an amount which is equal to the amount the State receives for incentive bonuses under section 505 and shall distribute such incentive bonus amounts in accordance with subsection (b).

(b)(1) The Governor shall, from the amount reserved under subsection (a), set aside an amount, not to exceed 15 percent of the amount so reserved in each fiscal year, for distribution to participating State agencies to support the costs of establishing and maintaining systems necessary for the operation of the program under this title, including technical assistance, and research and evaluation activities.

(2) The Governor shall distribute the remainder of the amount so reserved in each fiscal year to participating agencies, private industry councils in service delivery areas, and service providers, includ-

ing community-based organizations, who contribute to the program authorized by this title.

(c) Funds distributed pursuant to paragraph (2) of subsection (b) may be used only for outreach, basic and remedial education, including language training for limited English proficient individuals, training and supportive services, including child care and transportatior, designed to prepare participants for, or place individuals in, jobs.

EVALUATION OF PROGRAM

SEC. 507. (a) The Secretary shall, directly or by contract or other arrangement, conduct a thorough evaluation of the program authorized by this title.

(b) Not later than 3 years after the date of enactment of this title, the Secretary shall prepare and submit a report to the Congress on the evaluation activities conducted under subsection (a) and the results of such activities, together with an analysis on the costs of the program authorized by this title and the savings in payments under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, under section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical asssistance to refugees, or under title XVI of the Social Security act relating to supplemental security income program.

TITLE [V] *VI*—MISCELLANEOUS PROVISIONS

AMENDMENTS TO THE WAGNER-PEYSER ACT

SEC. [501] *601.* * * *

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AMENDMENTS TO PART C OF TITLE IV OF THE SOCIAL SECURITY ACT

SEC. [502] *602.* * * *

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EARNINGS DISREGARDED

SEC. [503] *603.* * * *

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ENFORCEMENT OF MILITARY SELECTIVE SERVICE ACT

SEC. [504] *604.* * * *

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IX. Additional Views

ADDITIONAL VIEWS OF SENATOR PAUL SIMON (D., IL) ON S. 514

The Committee on Labor and Human Resources, under the capable leadership of our chairman, the distinguished senior Senator from Massachusetts, has gotten off to a fast start in the 100th Congress by addressing the problems of unemployment, poverty and welfare reform.

I have joined a bipartisan majority of the members of the Senate Committee on Labor and Human Resources in sponsoring S. 514, the Jobs for Employable Dependent Individuals Act (JEDI), which provides an incentive for states to train and place AFDC and SSI recipients, in particular the young, potentially long-term welfare recipients. Under this program, states will receive a bonus for each AFDC recipient placed as a result of participation in a training program. The bonus rewards states using a portion of what would otherwise be the AFDC or SSI benefit check.

I want to underscore the importance of the participation of community-based organizations—with effective records of demonstrated service in outreach, remedial education and employment training—in the program established under S. 514. Compelling testimony from John Jacob of the National Urban League, and the Reverend Leon H. Sullivan of the Opportunities Industrialization Center emphasized the importance of including these organizations if we are to achieve our objective of reaching hard-to-serve and hard-to-place persons.

I am also an original sponsor of S. 538, the Economic Dislocation and Worker Adjustment Assistance Act of 1987. This bill implements the recommendations of Secretary of Labor Brock's Task Force on Economic Adjustment and Worker Dislocation in a Competitive Society. It promises to substantially enhance our current Federal efforts to retrain and re-employ persons displaced by plant closings, adverse economic conditions and other circumstances beyond the worker's control. Farmers and displaced homemakers will also benefit from the provisions in S. 538.

There is, however, a longer term employment problem. One that will not be addressed fully by these pending bills nor by the Worker Readjustment Act proposed by the Reagan Administration. Etched in the walls on the House side of the Capitol are words which describe what made this nation great. "Labor is discovered to be the grand conqueror; enriching and building up nations more surely than the proudest battles."

Unemployment will not disappear by wishing it away, by a policy of drift and hope, by making pious speeches about it. Doing a politically safe ballet dance around the issue will not solve it. We need to march on the problem because a massive waste of humanity is

taking place each day, and that waste is slowly but certainly eroding our economic future.

The nation's highest commitment—our most important national goal—must be to guarantee a job opportunity for everyone who wants to work.

PAUL SIMON.

ADDITIONAL VIEWS OF SENATOR DAN QUAYLE

It is particularly gratifying that this bill with the amendments that I offered regarding the expanded youth program, results in overall savings to the federal government over a five-year period. The CBO cost analysis shows that the year-round education program for AFDC youth will result in a reduction in welfare spending because AFDC mothers will finds jobs as a result of the training they receive.

The CBO estimates that this youth proposal will save $257 million in budget authority from 1989 to 1992, thereby making S. 514 a savings bill, rather than a spending bill.

The concept of S. 514 is one which I endorse; that is, providing incentives to modify behavior. In this case, S. 514 offers bonuses to states that are successful in moving the long-term welfare recipient into unsubsidized employment.

I support the committee reported bill because I feel that this Report which consists of S. 514 and my amendments will result in creative new approaches to dealing with hard-to-serve individuals.

In addition to the creation of the incentives to serve the long-term welfare recipient, this package includes a number of changes I proposed to the Summer Youth Program. The new language would permit increased flexibility at the local level to design new programs for economically disadvantaged youth, including AFDC youth.

Local service delivery areas could choose to offer a new year-round program of remediation for AFDC youth or they could offer a program of model or exemplary youth programs for economically disadvantaged youth year-round. The current summer youth jobs programs could, of course, still be offered.

Another of my amendments which is included in the reported bill, will limit the amount of unexpended funds that can be carried forward from one year to the next at the state level. This will ensure that funds are spent in a timely fashion. Any excess carry-over funding above 20% of the state's allotment could be redistributed by the Secretary of Labor based on the need of other states and their ability to use the funds.

A critically important amendment would revise the performance standards to make clear that services provided to those individuals who are hard to place are encouraged. This recognizes that higher costs are appropriate when serving these individuals.

Finally, my last amendment in the package would establish a base year on which to begin counting placements under the incentive bonus plan.

The combination of the original Kennedy bill and my amendments result in increased flexibility to the JTPA system. This bill imposes no new requirements on those operating JTPA programs, but it does offer them new opportunities to serve the needy individuals in their communities.

DAN QUAYLE.

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